

Message Text

UNCLASSIFIED

PAGE 01 COPENH 01043 191404Z

53

ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

PA-04 PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 DRC-01 /186 W

----- 119403

R 191230Z APR 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 8830

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

UNCLAS COPENHAGEN 1043

E.O. 11652: /A

TAGS: EGEN, EEC, DA

SUBJ: GUNDELACH PLAYS DOWN RENEGOTIATION ISSUE

BEING SUMMARY: EC COMMISSIONER GUNDELACH IN ARTICLE IN
COPENHAGEN DAILY REVIEWS BRITISH RENEGOTIATION DEMANDS
WHICH HE BELIEVES CAN BE SETTLED WITHIN EXISTING EC
STRUCTURE AND WITHOUT NECESSITY OF TREATY REVISION.
END SUMMARY.

1. COMMISSIONER GUNDELACH POINTS OUT IN APRIL 17

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 COPENH 01043 191404Z

BERLINGSKE TIDENDE THAT CALLAGHAN'S SPEECH WHICH HAD

TO SATISFY INTERNAL LABOUR PARTY REQUIREMENTS, PROVIDED NO CLARIFICATION OF THE EVENTUAL EXTENT OF BRITISH DEMANDS, BUT THAT THE CLAIM FOR TREATY REVISION WAS RESERVED ONLY FOR THE CASE THAT BRITISH GRIEVANCES COULD NOT BE OTHERWISE SETTLED.

2. BRITISH REQUESTS FOR CAP AMENDMENTS, GUNDELACH SAYS, ARE MOTIVATED BY THE BRITISH TRADITION OF LOW-COST FOOD IMPORTS. WITH RECENT CHANGES IN WORLD MARKET PRICES, HE MAINTAINS THAT, EXCEPT FOR DAIRY PRICES, EC PRICES ARE NOW WELL BELOW THE WORLD MARKET; HENCE EC FOOD CONSUMERS ARE NOT GENERALLY DISADVANTAGED. CONSEQUENTLY, THE UK WOULD NOT HAVE CHEAPER FOOD PRICES THROUGH USE OF WORLD MARKET RATHER THAN EC PRICES. A RETURN TO PREVIOUS LOW WORLD MARKET PRICES, GUNDELACH CONSIDERS WISHFUL THINKING. HE CONCLUDES THAT BRITISH ASPIRATIONS IN THE AREA OF FOOD PRICES WILL BEST BE SERVED WITHIN EXISTING EC STRUCTURES WHICH HE FEELS SURE PERMIT SIGNIFICANT SAVINGS, BOTH ADMINISTRATIVELY AND WITH REGARD TO SURPLUS PRODUCTION.

3. TURNING TO BRITISH CONTRIBUTIONS TO THE COMMON BUDGET WHEN THE TRANSITIONAL PERIOD EXPIRES, GUNDELACH STATES THAT AS FAR AS VAT-BASED PAYMENTS ARE CONCERNED, THE BRITISH DEMAND FOR CONSISTENCY WITH THE GNP RATION WILL BE MET AUTOMATICALLY BY THE NATURE OF THE SYSTEM. CONVERSELY, THE CXT-BASED PAYMENTS MAY VARY FROM ONE COUNTRY TO ANOTHER DEPENDENT UPON THE INITIAL POINT OF ENTRY OF IMPORTS BUT THIS DOES NOT CAUSE OTHER THAN ADMINISTRATIVE BURDENS FOR THE CXT-COLLECTING COUNTRY. SIMILAR CONSIDERATIONS MAY BE APPLIED TO IMPORT/EXPORT FEES ON AGRICULTURAL PRODUCTS. BRITISH FEARS OF UNDUE IMPORT FEE BURDENS REST UPON THE ASSUMPTION OF LARGE THIRD COUNTRY FOOD IMPORTS BUT, GUNDELACH SAYS, THE REALITY OF THIS PROBLEM IS CLOSELY RELATED, AS IS THE FOOD PRICE PROBLEM IN GENERAL, TO THE EC/WORLD MARKET PRICE RATION. AS HE HAD NOTED EARLIER, THE UK CAN INFLUENCE THIS PRICING SITUATION WITHIN THE EC STRUCTURE AND WITHOUT TREATY REVISION.

4. THE PROBLEMS OF THE COMMONWEALTH AND OTHER LDC TRADE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 COPENH 01043 191404Z

PREFERENCES, GUNDELACH FEELS, MAY BE REASONABLY SOLVED WITHIN THE EXISTING FRAMEWORK OF THE EC.

5. FINALLY, HE POINTS OUT THAT MISGIVINGS OVER ECONOMIC-MONETARY COOPERATION ARE NO BRITISH PREROGATIVE. HE ADDS, HOWEVER, THAT THE SATISFACTORY FUNCTIONING OF THE CUSTOMS UNION REQUIRES RULES AGAINST UNLIMITED EXCHANGE RATE ADJUSTMENTS AS WELL AS AGAINST OTHER UNILATERAL MEASURES

WHICH MIGHT DISTORT THE COMPETITIVE POSITIONS OF MEMBER COUNTRIES SUCH AS GOVERNMENT SUBSIDIES. GUNDELACH STRESSES THAT THE PRESENT DETERIORATION OF BALANCES OF PAYMENT CAUSED BY OIL PRICE RISES CALLS FOR SOLIDARITY, PARTICULARLY TO BENEFIT THE MOST VULNERABLE COUNTRIES, SUCH AS THE UK AND DENMARK. THE LACK OF REALITY IN THE 1980 TARGET FOR THE ECONOMIC-MONETARY UNION IS A SURPRISE TO NO ONE, LEAST OF ALL TO GUNDELACH, BUT HE CONSIDERS IT EVEN MORE DANGEROUS TO FOOL NATIONS INTO BELIEVING THAT THE FORTHCOMING ECONOMIC PROBLEMS CAN BE SOLVED THROUGH THE MANIPULATION OF EXCHANGE RATES. THE REGISTERED INFLATIONARY EFFECTS OF FLOATING EXCHANGE RATES IN ITALY AND THE UK DEMONSTRATE THIS CLEARLY. HE CONSIDERS IT IN BRITAIN'S OWN INTEREST, IN VIEW OF ITS DEPENDENCE UPON TRADE WITH OTHER MEMBER COUNTRIES, TO SET FIRM RULES FOR THE ECONOMIC-MONETARY GAME.

6. GUNDELACH CONCLUDES THAT WHILE THE BRITISH DEMAND FOR RENEGOTIATION WILL UNDOUBTEDLY BURDEN EC COOPERATION FOR SOME TIME, CLAIMS FOR TREATY REVISION ARE UNLIKELY. HE CONCEDES THAT THE NEGOTIATIONS MAY EVEN INTRODUCE A MEASURE OF PRAGMATISM INTO THE EC WHICH WOULD NOT BE UNWELCOME. IN A NOD TO HIS LOCAL AUDIENCE, GUNDELACH WARNS DANISH POLITICIANS AGAINST JUMPING TO SHORT-SIGHTED DECISION WHEN THE FUTURE IS SO UNCERTAIN.
CROWE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, INTERGOVERNMENTAL COOPERATION, NEGOTIATIONS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COPENH01043
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740091-1008
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740430/aaaabanx.tel
Line Count: 140
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2002 by BryanSD>; APPROVED <02 JAN 2003 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GUNDELACH PLAYS DOWN RENEGOTIATION ISSUE BEING SUMMARY: EC COMMISSIONER GUNDELACH IN ARTICLE IN
TAGS: EGEN, DA, UK, EEC, (GUNDELACH), (CALLAGHAN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005